

Message Text

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ACTION SS-30

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FM AMEMBASSY REYKJAVIK

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C O N F I D E N T I A L REYKJAVIK 1209

EXDIS

DEPT PASS TO COMICEDEFOR, CINCLANT AND SECDEF

EO 11652: XGDS-1

TAGS: PFOR MARR IC NATO

SUBJECT: IDF RETENTION NEGOTIATIONS - CONVERSATION WITH NEW
PRIME MINISTER

REF: (A) REYKJAVIK 1185, (B) REYKJAVIK 1195,
(C) STATE 179522, (D) REYKJAVIK 1157

1. BEGIN SUMMARY: PRIME MINISTER SEES FAVORABLE CON-
CLUSION OF IDF RETENTION NEGOTIATIONS IF USG AGREES
(A) TO REDUCE MILITARY MANPOWER BY 420 BUT NOT AT A
RATE FASTER THAN ICELANDIC LABOR BECOMES AVAILABLE;
(B) COMMENCE ON-BASE HOUSING CONSTRUCTION FOR MILITARY
PERSONNEL NEXT YEAR; AND (C) SEPARATE MILITARY AND
CIVILIAN AIRPORTS WITH USG FINANCIAL INVOLVEMENT.
FOR LOCAL REASONS HE WOULD LIKE TO HAVE A SIGNED
AGREEMENT BY MID-OCTOBER AT LATEST, WHEN PARLIAMENT IS
SCHEDULED TO CONVENE ITS WINTER SESSION. HE ASKS
ASSURANCE THAT USG WILL NOT MAKE SUBSEQUENT MILITARY
OPERATIONAL AND MANPOWER REDUCTIONS WHICH WILL JEOPARD-
IZE THE SECURITY AND DEFENSE OF ICELAND. HE BELIEVES IT
MAY BE NECESSARY, IF FONMIN FEELS STRONGLY ABOUT IT, TO
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PREPARE FORMAL REPLY TO GOI'S APRIL PROPOSALS. POINTS

(A) AND (B) ABOVE REFLECT USG OFFERS MADE DURING NOVEMBER 1973/APRIL 1974 NEGOTIATION SESSIONS. POINT (C), AIRPORT SEPARATION, WILL CAUSE USG SOME PROBLEMS.

END SUMMARY.

2. I HAD A VERY AFFABLE 45-MINUTE PRIVATE CONVERSATION WITH PRIMEMIN GEIR HALLGRIMSSON SEP 2 DURING WHICH HE DEFINED FOR ME THE VAGUE TERMS OF THE GOI DEFENSE PLATFORM. HE ASKED HOW SOON I THOUGHT USG COULD PROCEED ON SEPARATION OF THE AIRPORTS. I REPLIED THAT AS SOON AS ICELAND BUILDS THE NEW CIVILIAN AIRPORT WE COULD CONSTRUCT THE ACCESS ROAD. HE SEEMED PUZZLED BY MY RESPONSE. SUBSEQUENT CONVERSATION BROUGHT OUT THAT HE WAS UNDER THE IMPRESSION USG WOULD FINANCE THE NEW AIRPORT. HE SAID HE UNDERSTOOD THAT THE USG MADE SUCH AN OFFER "SEVERAL YEARS AGO." WHEN I REMARKED THAT I HAD NEVER HEARD OF SUCH A PROPOSAL, HE SAID IT WAS WELL BEFORE MY TIME HERE AS AMBASSADOR. I DID NOT PURSUE THE SUBJECT. I REMARKED THAT I WAS NOT PREPARED TO TALK DETAILS OF A DEFENSE SETTLEMENT AT THIS TIME, BUT I WAS INTERESTED IN HIS VIEWS.

3. PRIMEMIN ASKED ME WHAT FORM THE DEFENSE SETTLEMENT SHOULD TAKE. I TOLD HIM GOI MUST FIRST CANCEL THE INVOCATION OF ARTICLE VII AND THAT THIS CAN BE DONE BY A SIMPLE EXCHANGE OF NOTES WHICH TAKE COGNIZANCE OF UNDERSTANDINGS REACHED, ETC., AND A MEMORANDUM OF UNDERSTANDING WHICH SPELLS OUT OUR INTENTIONS (COMMENT: ALTHOUGH I DID NOT IDENTIFY THEM TO THE PRIMEMIN I HAD IN MIND THE TWO DOCUMENTS USG PROPOSED DURING THE NOVEMBER NEGOTIATION SESSIONS).

4. PRIMEMIN REQUESTED THAT WHEN I MEET WITH FONMIN AGUSTSSON (WHICH WAS PUT OFF UNTIL SEP 3) I NOT LET HIM KNOW WE TALKED ABOUT DEFENSE MATTERS, BUT DESCRIBE MY VISIT AS SIMPLY A COURTESY CALL. HE SAID AGUSTSSON STILL VERY UPSET THAT HE HAD TO AGREE TO SUCH A GREAT ABOUT-FACE ON DEFENSE ISSUE AND THAT FOR THE SAKE OF THE NEW IP-PP COALITION WE SHOULD LET HIM SUGGEST SOME FACE-CONFIDENTIAL

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SAVING PROCEDURES. HE WARNED, HOWEVER, THAT WE SHOULD NOT AGREE TO ANY MEASURES WHICH WILL ADVERSELY EFFECT THE PURPOSES AND FUNCTIONS OF THE IDF. HE HINTED HE MIGHT HAVE TO AGREE TO REQUEST A FORMAL USG RESPONSE TO THE APRIL GOI DEFENSE PROPOSALS IF AGUSTSSON WANTS IT. PRIMEMIN SUGGESTED WE HAVE ANOTHER MEETING NEXT WEEK TO DISCUSS ANY SPECIFICS WHICH FONMIN MIGHT SUGGEST BUT THAT SUCH A MEETING BE KEPT IN CONFIDENCE. HE REPEATED

HE WOULD LIKE TO ACCOMMODATE FONMINS WISHES UNDER CERTAIN CIRCUMSTANCES.

5. DURING CONVERSATION WHEN PRIMEMIN ASKED FOR ASSURANCE ON MAINTAINING AN ADEQUATE DEFENSE OF ICELAND I REMARKED THAT HE OUGHT TO LEAVE THE STRUCTURE OF THE IDF UP TO USG ON HOW BEST TO ACCOMPLISH THIS OBJECTIVE. I SAID THAT CIRCUMSTANCES, FOR INSTANCE, MIGHT PERMIT US TO REDUCE SOME MARINES OR CHANGE THE COMPOSITION OF THE MILITARY FORCE WHERE WE WOULD REDUCE "A DOZEN OR SO" MARINES BUT NOT REDUCE AN EQUIVALENT NUMBER OF ANOTHER ELEMENT. I WAS TESTING THE WATERS ABOUT SUBJECT COVERED REFTELS (C) AND (D). WHEN I MENTIONED THE "HYPOTHETICAL" CASE OF REDUCING SOME MARINES I CANNOT SAY I RECEIVED ANY ENCOURAGEMENT. THIS SUBJECT MAY HAVE TO WAIT UNTIL WE SIGN A DEFENSE AGREEMENT.

6. COMMENT: AFTER I MEET WITH FONMIN I SHALL TRY TO TRANSMIT SOME VIEWS ON WHERE WE GO FROM HERE. THE AIRPORT SEPARATION WILL BE TROUBLESOME AND WE SHOULD CONCENTRATE SOME EFFORT ON THIS. I BELIEVE THE DEGREE OF US FINANCIAL INVOLVEMENT MIGHT BE NEGOTIABLE, BUT AT THIS POINT IN TIME I THINK IT MAY HAVE TO BE GREATER THAN AN ACCESS ROAD. I CAN SEE MANY REASONS WHY WE SHOULD TRY TO SETTLE THE DEFENSE ISSUE BY MID-OCTOBER, IF AT ALL POSSIBLE. LABOR UNIONS HAVE ALREADY PUT THE NEW GOVT ON NOTICE THAT THEY WILL OPPOSE GOI'S ECONOMIC STABILIZATION PROGRAM AND WE MIGHT AGAIN EXPERIENCE GENERAL STRIKES BEFORE END OF YEAR. THIS COULD GENERATE NEW ELECTIONS IN THE SPRING. ALSO, IT IS NOT INCONCEIVABLE FOR ICELAND AND UK, JOINED BY FRG, TO RENEW THE "COD WAR" OVER THE NEW GOVTS 200 MILE FISHING LIMIT DECLARATION. WE DO NOT WANT TO GET CAUGHT UP IN

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THIS AGAIN. IF WE WAIT TOO LONG INTO THE NEXT SESSION OF PARLIAMENT TO SETTLE THE DEFENSE ISSUE CIRCUMSTANCES MIGHT BE LESS FAVORABLE. WE HAVE OUR MAXIMUM SUPPORT NOW AMONG MEMBERS OF PARLIAMENT AND THE GENERAL PUBLIC.

IRVING

NOTE BY OC/T: NOT PASSED COMICEDEFOR, CINCLANT AND SECDEF.

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